NOTES OF INSPECTION OF THE BASAVANGUDI CO-OPERATIVE SOCIETY, LIMITED, BANGALORE CITY.

Date and scope.—The inspection was begun in the middle of April 1909 and completed on 26th May 1909 with some breaks in the middle in consequence of absence from head-quarters.

2. The report covers a period of ten months, from July 1908 to April 1909. The inspection having coincided with the Society's own half-yearly audit under By-law 73, the progress of this audit by Mr. Murti Rao of the Comptroller's Office was carefully watched. The audit was most carefully conducted and reliable. For the half-year ending with December 1908, therefore, these audited figures have been adopted. From January to April 1909, the accounts were test-audited.

3. *Registration.*—The Society was started in June 1906, but *registered* on 25th April 1908. It is a distributive Society of an urban character conducting its transactions mainly in food-stuffs. Cash loans are also given to members in small sums to the extent of four-fifths of the paid-up share and for short periods of thirty-two days or under.

4. *Members.*—At the end of April 1909, the number of members on the roll was 132, consisting of the official and non-official residents of the Basavangudi Extension

5. *Capital.*—The capital of the Society is made up of share-subscriptions, and is at present limited to 400 shares of Rs. 5 each. Three hundred and seventeen shares have been taken, of which 307 are fully paid up. The amount of shares collected up to the end of April was Rs. 1,630.

6. Deposits are taken to supplement the working capital, on which the following rates of interest are allowed :—

Current deposits—five-eighths pie per rupee per month.
Fixed deposits—for three months, six-eighth pie per rupee per month.
for six months, seven-eighth do
for one year, one pie per rupee per month.

The amount of deposit on hand at the end of April 1909 was Rs. 482-15-3. The deposits are gradually coming in as shown from the statement of receipts and expenditure subjoined to para 8; but they have yet been kept fluctuating on either side of Rs. 500 and not gone far beyond. No deposits have been made by non-members, nor any loans borrowed from outside.

7. *Reserve Fund.*—The Society has a Reserve Fund of Rs. 135-9-10 in the Postal Savings Bank, where a public account has been recently opened.

8. *Business.*—The volume of business done by the Society between July 1908 and April 1909 is represented by the figures given below.

RECEIPTS.

By,	Rs.	a.	p.
1. Sale of goods	13,283	8	10
2. Short loans	5,958	0	0
3. Advances	2,461	10	4
4. Share amounts	417	8	0
5. Entrance fees	15	0	0
6. Interest realised	84	7	10
7. Commission	6	1	6
8. Suspense	88	12	1
9. Deposits	1,865	15	3
10. Penalty	45	6	7
11. Refund of interest by the Manager	20	0	0
12. Miscellaneous	2	13	2
Total ...	24,249	3	7
Opening balance on 1st July 1908 ...	44	5	9
Grand Total ...	24 293	9	4

EXPENDITURE.

To,	Rs.	a.	p.
1. Purchase of goods	12,978	11	6
2. Loans given	6,063	0	0
3. Trade charges	383	7	0
4. Establishment	236	8	9
5. Contingencies	44	3	6
6. Rents	84	0	0
7. Dividends and discounts on purchases	91	6	0
8. Printing charges	16	6	0
9. Advances	2,460	2	4
10. Furniture	10	1	0
11. Commission articles returned	20	2	6
12. Suspense	133	5	3
13. Shares refunded	75	0	0
14. Deposits returned	1,598	0	0
15. Interest on deposits	10	12	0
16. Refund of excess recoveries	8	6	0
17. Reserve Fund	18	0	0
Total ...	24,231	7	10
Closing balance on 30th April 1909 ...	62	1	6
Grand Total ...	24,293	9	4

The greatest amount of business is thus done in the goods department. From the audit report for the half-year ended December 1908, it is seen that this department yielded a gross profit of Rs. 466-1-8 to the Society. The stores department was till April 1909 managed by a Sub-Committee, to which advances were made from time to time to purchase articles. In reviewing this account for the above half-year, the auditor for the term has made the following remark, which the Society would do well to bring into effect at once :—

"In verifying the entries made on account of advance to Sub-Committee for cash purchase of goods, it is found that their adjustments were not always effected soon after such purchases were made. It would be better if a separate account is kept showing the date of its adjustment, and this account checked at least once a week, and steps taken for prompt adjustment of items, if any, that may remain unadjusted."

No advance should be allowed to remain with any one person or body of persons unaccounted for for any length of time.

9. *Establishment and Management.*—The Society pays a house rent of Rs. 10 every month and maintains the following establishment :—

	Rs.
1 clerk	... 10
1 peon	... 6

The members of the Committee are elected once a year and work gratuitously. They actively take part in conducting the daily transactions of the Society. Their names as per election in April 1909, are given in the margin.

1. Mr. B. Srinivasa Iyengar, B.A., B.L., President and Treasurer.
2. „ Modur Lakshminaranaiya, B.A., Secretary.
3. „ B. Venkatanarnappa, M.A.
4. „ M. K. Krishnasamiengar, Assistant Secretary.
5. Mr. M. Lakshminaranaiya.
6. „ K. V. Krishnasastri.
7. „ Sattur Narayana Rao.
8. „ T. Subramaiya.
9. „ T. Venkataramanaiya, B.A.
10. „ Govind Venkaji.

Cash purchases in local shops were being made until very recently by a Sub-Committee consisting of three members of the Committee, but this arrangement has been displaced by a better one now, *viz.*, any two members of the Committee purchasing things by turns, the combination each time being different from what it was before. At the close of the day the cash is taken charge of by the Treasurer, who checks the entries in the cash-book and examines the vouchers.

10. *Registers.*—Besides the cash-book and the ledgers, the Society maintains other subsidiary account books, such as the monthly demand, collection and balance statement, Register

of cash and credit sales, etc. The cash-book is regularly and properly written up, and the entries are as far as possible supported by vouchers. In regard to purchase of goods in the local bazaar by the Sub-Committee, a mere statement of accounts by the purchasing member has been considered sufficient. If the Committee had seen the necessity to insist in all possible cases upon actual sale chits from the merchants themselves being produced as vouchers for the purchases made, mistakes such as are found at pages 261 and 267 of the cash-book in respect of 75 seers of coriander, would not have occurred.

Ledgers.—The postings in the Personal Ledgers are fairly up to date, but they do not seem to be quite exhaustive as regards repayments from members. These defects must be rectified at the next audit and each day's postings carefully scrutinized by the Secretary or any other member every day. The Society has not maintained "From" Register and the so-called "To" Register needs to be maintained with greater care and neatness. A register of members is not maintained. One should be opened at once and brought up to date.

11. *Meetings.*—At present the minutes of the General and Committee meetings are both written in one and the same book: these may be written in separate books from July next. Between July 1908 and April 1909, there were two General meetings and 12 Committee meetings. A strong desire seems to exist among the generality of members to purchase on credit, and the minutes recorded at the several meetings bear ample testimony to the anxiety of the managing body not to allow this desire to go out of control, or to jeopardise the interests of the Society. A resolution of the general body dated 16th February 1908 limits the sale of articles on credit to individual members to the full extent of the paid-up share independent of the short loan borrowable under the rules (which is 4/5ths of the share amount paid up). This limit is not being strictly observed. The Committee seem however to be alive to the dangers of allowing credit without check; and it is to be hoped that they will exercise every caution in the matter, and view with dissatisfaction each case of default. The By-laws too need stricter observance than at present.

12. *Financial situation.*—The Society is quite a solvent one. The balance sheet showing the Assets and Liabilities as they stood on 1st January 1909 is published hereunder:—

LIABILITIES.

To,	Rs.	a.	p.
1. Amount due to merchants for articles supplied ...	2,408	12	2
2. Deposits ...	498	0	0
3. Share capital ...	1,503	0	0
4. Reserve Fund ...	111	9	10
5. Undisbursed dividend of previous terms ...	32	3	9
6. Do discount on purchases ...	17	11	5
7. Entrance fees ...	17	0	0
8. Net profit ...	93	14	10
Total ...	4,682	4	0

ASSETS.

By,	Rs.	a.	p.
1. Amount due from members on account of purchases	1,618	12	3
2. Do penalty ...	17	13	3
3. Best & Co.'s account, kerosene oil ...	10	0	0
4. Mysore Co-operative Society ...	0	9	2
5. Advances ...	78	13	4
6. Loans (670-0-0) Interest (0-4-2 ...	670	4	2
7. Reserve Fund (S. B.) ...	111	15	9
8. Value of stock on hand ...	2,023	14	9
9. Do furniture ...	111	5	0
10. Cash on hand ...	38	12	4
Total ...	4,682	4	0

Bangalore,
27*th May* 1909.

E. RAMA RAO,
Inspector of Co-operative Societies.

The progress of the Society is satisfactory and reflects much credit on the managing body.

BANGALORE,
11*th June* 1909.

M. SHAMA RAO,
Registrar.